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Photo: Michael E. Williams, MTRB



A Message from the Chairman

David P. Driscoll
Commissioner
of Education

Dear Massachusetts Educator:

In 1906, in an effort to encourage the legislature to create a statewide teacher retirement system, the Board of Education wrote, "The quality of public schools is determined chiefly by the character, wisdom and efficiency of the teaching corps.... The Board of Education favors a system of pensions for teachers because it will attract to the public service a higher type of individuals than would otherwise enter it, and will tend to preserve in such individuals those qualities of mind and heart on which lasting success depends." The MTRB and staff believe those words still ring true today.

This year the Massachusetts Teachers' Retirement System will celebrate its 90th birthday. Certainly a lot has changed since the retirement system was created in 1914. In 1914, a teacher could receive a retirement allowance up to \$1,000 a year and the system paid out a total of \$18,000 in retirement benefits. This year, the average teacher pension in Massachusetts is \$26,000 and the system will pay out nearly \$900 million in benefits to members and their beneficiaries.

Over the years, as our membership has increased and retirement benefit payments approach \$1 billion annually, the Board and staff's commitment to quality service remains steadfast. This year we will retire nearly 4,000 educators, and over the next ten years 40% of our members will retire. These events will place additional service demands on our staff. I encourage you to visit our web site where you can find a variety of retirement information. The Board and I thank you in advance for your patience and understanding.

Best wishes,

John A.M. Dow, Jr. and George F. McSherry re-elected, and Linda M. Ruberto reappointed to Board

Thank you to all of our candidates, as well as everyone who voted in this important election

As you know, we recently conducted an election for the two seats on the Board that are held by active or retired members of the Massachusetts Teachers' Retirement System.

At its December meeting, the Board voted unanimously to reappoint Linda M. Ruberto to her fourth term. Ms. Ruberto is a science teacher in the Pittsfield public schools, and has served as the Board's appointed member since 1991.

The election results, tabulated in December 2003, were as follows:

Candidate	Votes received	Percentage
John A. M. Dow, Jr.	14,044	37%
George F. McSherry	14,015	37%
S. Natalie Braunstein*	6,574	17%
John F. Putnam	3,477	9%
	38,110	100%

*Candidate withdrew prior to vote tabulation.

We offer our congratulations to Mr. Dow, Mr. McSherry and Ms. Ruberto, and look forward to four more years of their dedicated service on behalf of our members. ■



State Auditor and Board member A. Joseph DeNucci (left) hosted the swearing in ceremony on January 14, 2004. Next to Auditor DeNucci are John A.M. Dow, Jr., Linda M. Ruberto, George F. McSherry, Secretary of State William F. Galvin—who administered the oath of office to our three returning Board members—and State Treasurer and Board member Timothy P. Cahill.

Governor Romney
proposes a
3 percent COLA
for our retirees
in his FY 2005
budget.

See page 2 for details!

Board and staff facing the difficult challenge of increased demand for services

More than 4,000 educators will retire this year—a 25 percent increase over 2003, and double the number of five years ago

As we enter the 2004 retirement season, one thing is crystal clear: Baby Boomers are leaving the ranks of active teaching and retiring.

The number of retirements has increased dramatically—with no end in sight

We estimate that nearly 4,000 educators will retire this year. This represents a 25 percent increase over last year. Of these 4,000 applicants, those retiring under the RetirementPlus initiative account for over 2,300. This figure is more than double the number of retirements from five years ago. In 1999 we retired just over 1,800 members. Since 1998, the MTRB has retired more than 13,000 members, and we expect to retire 40 percent of our membership over the next 10 years.

As you may be aware, in an effort to meet the increased demand for services we began a process to re-engineer our computer system over a year ago. We had planned on using our new web-based computer system known as eRetirement for this upcoming retirement season. Unfortunately, however, the design and development of eRetirement has taken longer than originally planned.

As a result, the Board has had to review our resources to determine what level of services we can provide in order to ensure the quality of service that has been the longstanding tradition at the MTRB. This has been a difficult challenge since the Board is completely committed to the membership but recognizes that we face significant and real economic limitations.

This past year, we have used overtime and hired temporary staff to address the backlogs created by the increased retirements in 2003. However, with another 25 percent increase in retirements this year, the Board has realized that service deferrals will occur. ■

Unfortunately, despite taking steps to prioritize our workload and serve those retiring in 2004 first, we expect to experience significant service deferrals—your patience and understanding are greatly appreciated!



BOARD MEMBERS

David P. Driscoll

Chairman and
Commissioner of Education

Timothy P. Cahill

State Treasurer

A. Joseph DeNucci

State Auditor

John A. M. Dow, Jr.

Elected by the Membership

George F. McSherry

Elected by the Membership

Linda M. Ruberto

Appointed by the Board

Ellen T. Hargraves

Appointed by the Governor

ADMINISTRATION

Joan Schloss

Executive Director

Erika M. Glaster

Deputy Executive Director

Sean P. Neilon

Assistant Executive Director

James H. Salvie

General Counsel

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69 Canal Street, 3rd Floor
Boston, MA 02114-2006
Phone 617-727-3661
Fax 617-727-6797
Office hours 8:45 a.m.–5 p.m.

WESTERN REGIONAL OFFICE

101 State Street, Suite 210
Springfield, MA 01103-2066
Phone 413-784-1711
Fax 413-784-1707
Office hours 8:45 a.m.–5 p.m.

ONLINE

mass.gov/mtrb
geninfo@trb.state.ma.us



Need a form?

Chances are that you don't have to call us—simply download it from our web site!

Many of our most frequently requested forms and brochures are available online. Before you call, please check our web site for the form or publication you need. Just go to **mass.gov/mtrb** and, in the left margin, click on

Downloadable forms for the following:

- Change of address
- Direct Deposit Authorization form

Have you completed and returned your 2004 Benefit Verification Form yet?

If not, please do so soon!

If you received a benefit payment from us in 2003, you should have received your Benefit Verification Form along with your Form 1099-R by now—
if you didn't get a form, please call us at 617-878-2890 as soon as possible

THIS is a reminder to all retirement benefit recipients to sign and return your 2004 Benefit Verification Form in the envelope that we sent you as soon as possible if you have not already done so.

Your Benefit Verification Form was mailed to you along with your 2003 Form 1099-R tax form at the end of January. This important annual process, which is required by law, is intended to prevent fraud and ensure that we are paying your valuable retirement benefits to the proper recipients.

If you have not completed this required form, please do so now. **Failure to comply with this process will result in the suspension of your monthly retirement allowance.** If you have questions or concerns, we are here to help. Call our office if you need assistance or require a duplicate form. Additional information on the benefit verification process can be found on our web site at mass.gov/mtrb by following the links from our homepage to the notice regarding the 1099-R and Benefit Verification mailing.

While we know that this might seem like a tedious and bothersome task for some of you, it is a very helpful and serious process for us. Most importantly, it ensures the protection of the retirement system by verifying that we are paying benefits to you, the people who earned them.

During this process in 2002, we mailed forms to 33,734 members. While we had to send out second and even third notices—and even temporarily stop benefit payments to some members—we eventually heard from all but four retirees, whose benefits have been suspended since September 2002.

The 2002 process also directly helped approximately 60 retirees receive the increased benefits that they were entitled to. These members had retired under Option C, but had not notified us that their beneficiary had predeceased them. (Under Option C, if

your survivor predeceases you, you are to notify the MTRB because you are then entitled to have your payment “pop up” to the higher amount that you would have received under Option A.) As a result of the benefit verification process, we were able to identify these members, send them a payment—in one case, retroactive for five years—and adjust their monthly benefit. ■

Receive retirement updates on your desktop—

Register to receive MTRB M@il!

More than 16,000 active members and 2,400 retirees have now signed up. Just give us your e-mail address and we'll deliver retirement news to your desktop. It's easy!

- 1) Go to mass.gov/mtrb.
- 2) Click on **Register to Receive MTRB M@il!**
- 3) Complete the simple online form with your MTRB member status (retired), name and your e-mail address.
- 4) Watch your e-mail for periodic updates!

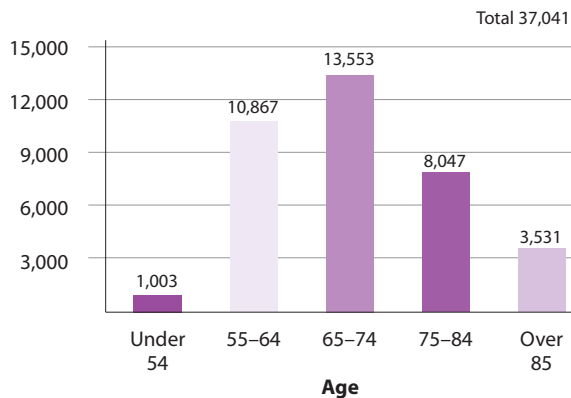
Our Massachusetts Teachers' Retirement

A snapshot of who we are, our current funding status and what we expect

A profile of our membership as of January 1, 2003

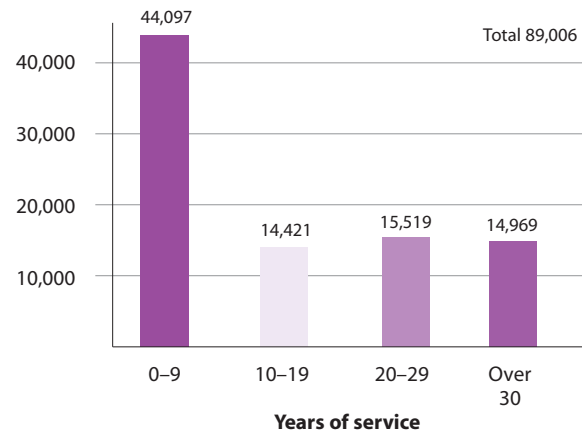
Our retired members, by age

This population has never been greater, and continues to grow rapidly.



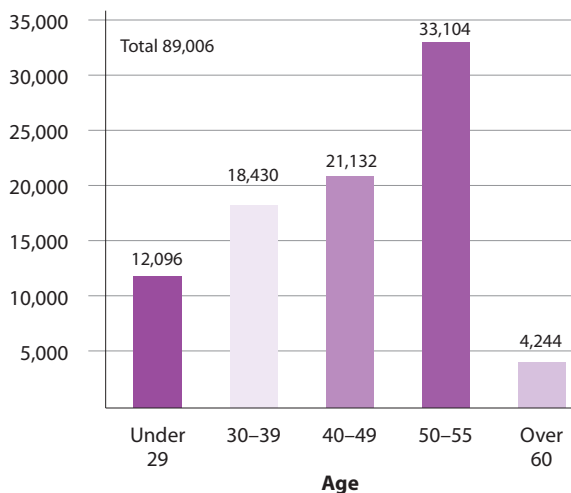
Our active members' years of service

Over a third of our active population is eligible to retire now.



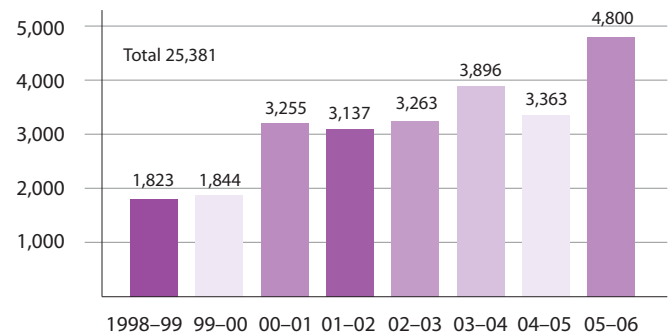
Our active members, by age

The Baby Boomers are within striking range of retirement.



Past and projected number of retirement applicants

We anticipate the number of retirements to continue to climb, and expect to retire 12,000 members in the next three years.



What all this means

The demographics of our system illustrate what we have expected and have witnessed over the past few years: the Boomers are moving toward and through retirement. The increased retirements will continue to raise service demands on our system, and the Board will continue to look for ways to respond to the challenges presented by this situation.

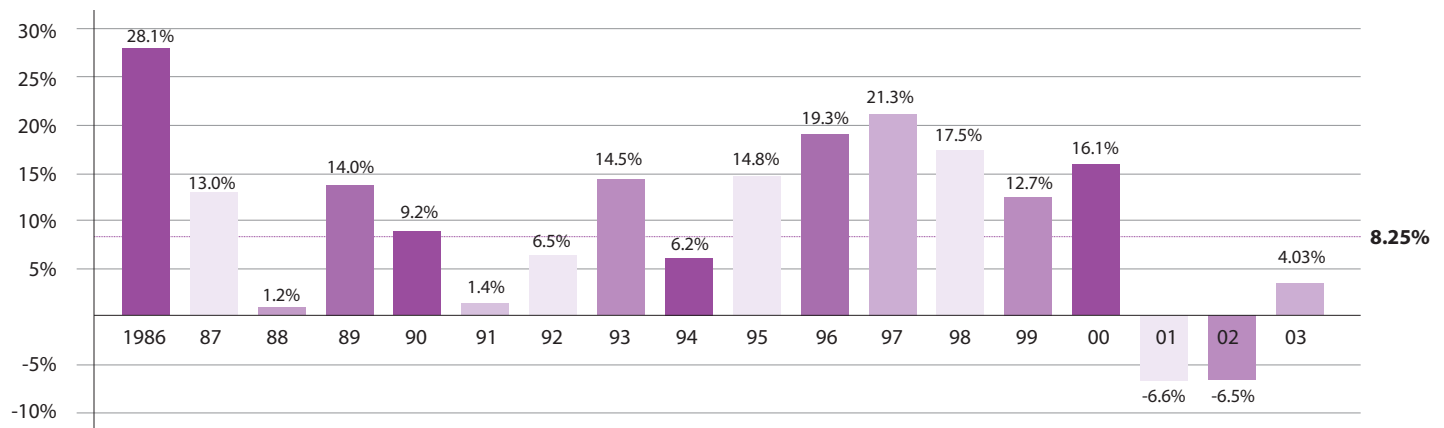
ment System:

at we can expect in the near future

Our funding status

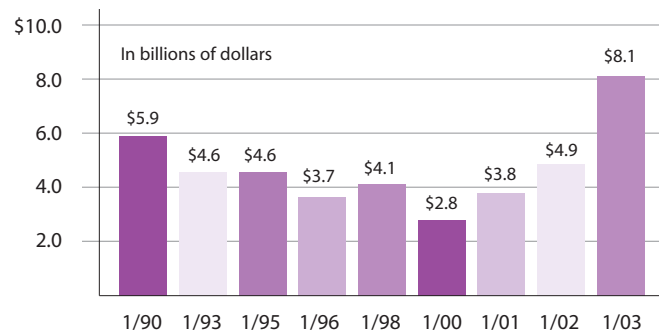
PRIT core investment performance, for fiscal years ending June 30

The Legislature has set 8.25 percent as the pension fund's long-term rate of return target. The system has averaged 9.50 percent over the past 10 years, earning the top ranking in *Trust Universe Comparison Report*, the most widely recognized benchmark for comparing the investment performance of pension funds nationwide.



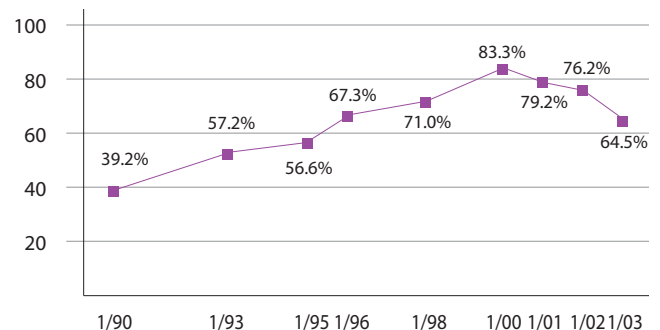
The MTRS' unfunded liability

The system's unfunded liability has increased over the past three years; however, the ability to pay down debt has also increased



The MTRS' funded ratio

Over the last 13 years, the system's funding ratio has increased by 50 percent.



What all this means

Notwithstanding the down markets of the past few years, the retirement system's financial position has strengthened over time. The solvency of the system, albeit off its high, is over 50 percent greater since the adoption of the pension funding initiative in 1987. The Board is committed to working with the Governor and the Legislature to eliminate the system's unfunded pension liability.

Governor proposes changes to state's pension plan

FY2005 budget recommends 3 percent COLA for retirees

GOVERNOR Romney filed his much anticipated pension changes as part of his Fiscal Year 2005 spending plan. The changes would not apply to any retired members, but would apply to active members of the retirement system. These changes are subject to the review and disposition of the House of Representatives and the State Senate. The Governor's recommendations include:

- a 3 percent cost-of-living-adjustment for retirees of the state and teachers' retirement systems. The COLA would be applied to a retirement base not to exceed \$12,000. The COLA increase is greater than the increase in the Consumer Price Index (CPI) of 2.1 percent as determined by the Social Security Administration.
- a pension cap, based on growth of member contributions and investment returns (details of the calculation and applicability of the cap are being analyzed);
- increasing the interest charged on purchasing service credit;

- a requirement to fully fund any new liabilities within three years;
- reforming creditable service determinations for elected officials; and,
- eliminating the termination retirement benefits provided under subdivision 2 of Section 10 of Chapter 32 for future retirees.

We will continue to follow the Governor's recommendations as they are reviewed by the House and Senate, and will update our web site with further developments. We do not anticipate any action occurring on these initiatives until April or May.

The Governor also included legislation removing the restrictions placed on the Pension Reserves Investment Management (PRIM) Board regarding the disposition of the Hynes Convention Center. Last year the Hynes Convention Center and the Boston Common Parking Garage were transferred to the pension fund in order to meet the state's pension funding appropriation for Fiscal Year 2004. ■

Three long-time MTRB staffers retire under state's early retirement program

In October 2003, these three left our Boston office, but not the MTRB family

Bob Salza



BOB Salza, the one and only Insurance Coordinator for the Massachusetts Teachers' Retirement Board ever, has retired after almost 21 years of dedicated service to the Commonwealth's retired educators.

When asked if he had any memorable moments from his time at the MTRB that he wanted to share, Bob said, "Memorable moments I really don't have, but memorable people—I can think of many."

As far as his plans for retirement, Bob expects to finally get a golf handicap, travel and spend more time with his relatives.

Barbara Breen



HAVING spent her entire career in the retirement field, Barbara Breen has retired herself.

Barbara expressed some mixed emotions about retiring. Even though she has dealt with retirement issues every day of her career, and has participated in numer-

ous MTRB seminars that address this new life stage, it is not an easy transition.

In the near term, Barbara hopes to take a well deserved, month-long vacation in Florida. After that, it's anybody's guess. Barbara expects to indulge her pleasures—shopping and watching TV—and she may go back to school to keep busy and expand her horizons.

Mei Ling Liang

AFTER nearly 20 years of distinguished service with the MTRB, Mei Ling Liang has left the Boston office.

In her career with the MTRB, Mei Ling split her responsibilities between two major functions: processing refunds for almost 10 years, and then handling Finance duties.

Like her fellow retirees, Mei Ling was ambivalent about retiring. "I'm not happy to leave the MTRB. I like to work."

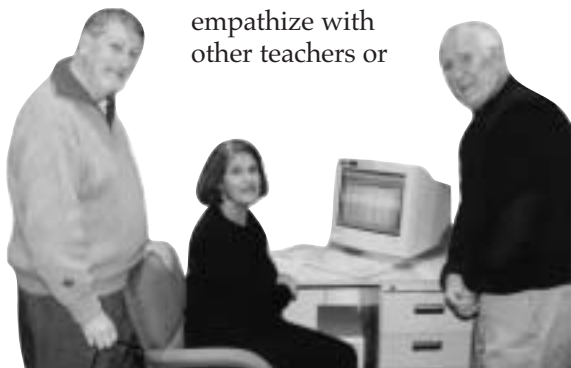
Congratulations to you!



We know where you're coming from— Retired educators serve you and enrich our staff

What we tried as an experiment in 2000 has proven a win-win-win situation for our members, our Call Center representatives and us

IN November of 2000, we knew that we had to do something to handle the anticipated demand by our members for information regarding the many ins and outs of the then-new RetirementPlus program. We thought that asking retired educators to staff our Call Centers would be beneficial to everyone: They, the retirees, had already experienced the process and could relate to and empathize with other teachers or



Boston Call Center representatives Gerry Cavanaugh, Shelly Selig and Paul McCarthy and their colleagues respond to an average of more than 100 phone calls and VoiceMail messages daily. Photo: Michael E. Williams

administrators as they were planning the next phase of their lives. Accordingly, we established Call Centers in our Boston and Springfield offices.

In the three and a half years since then, our Call Centers have proven to be vital assets to our members and the agency. We are very proud of our representatives, and count this as a success story for the MTRB. Since its inception in November of 2000, the Boston Call Center has retained the services of seven of the eleven originally hired retirees. These seven are:

- **Dean Aldrich**, retired history and music teacher from Lincoln-Sudbury;
- **Gerald Cavanaugh**, retired history and social studies teacher from the Weymouth public schools;
- **William Kearnan**, the husband of a retired elementary teacher from Blackstone-Millville;
- **Paul McCarthy**, retired guidance counselor from the Newton public schools;
- **Donald Nelson**, retired science teacher from Duxbury;
- **William O'Connor**, retired history teacher from Winchester; and,
- **Shelly Selig**, retired SPED teacher, also from the Newton public schools.

These seven have been joined by two other retirees, **Philippe Lemieux**, a former chemistry teacher from Lincoln-Sudbury, and **Francis (Ron) Stec**, a former science teacher from Newton. We are currently operating the Boston Call Center with nine representatives, with at least three in the office each day.

The Springfield Call Center is staffed by **Jerome Winegar**, a retired principal from the Springfield school system. Jerome provides much valued assistance to our five-person staff in the Western Regional office.

All Call Center representatives work part-time, and also assist with office mailings, reviewing retirement applications for completeness, and a host of other jobs as they arise. ■

**Improve your chance of reaching us—
avoid calling during
our peak times,
or send us an e-mail!**

Our already busy Call Center is getting even busier as retirement season approaches. To help us continue to serve you and our almost 90,000 active members and 40,000 retirees, you might want to avoid calling during the first three workdays of the month, Mondays and the first day after a holiday, as these are our peak call times.

If you have a question that doesn't need an immediate response, e-mail us at **geninfo@trb.state.ma.us**.

Like you, Lou has been there

A retired educator and former principal, **Louise Gaskins** has ably staffed our reception desk on a part-time basis for almost ten years. Lou is a world traveler and youthful spirit, and an inspiration to the staff for how to enjoy life and retirement.

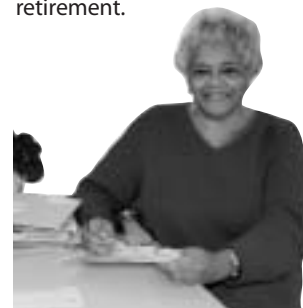


Photo: Michael E. Williams, MTRB



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Mr. Dow, Mr. McSherry re-elected, and Ms. Ruberto reappointed to Board

Voters and Board return incumbents
to three positions (p. 1)

Governor's budget includes 3 percent COLA for retirees

FY2005 budget still has to be reviewed
and approved by House and Senate,
but 3 percent recommended (p. 6)

If you haven't returned your Benefit Verification Form yet, please do so ASAP

If you have already submitted your
form, thank you! (p. 3)

Plus, other news and updates!

A reminder to direct deposit recipients

If you receive your benefit payment via direct deposit, and your bank merges with another, be sure to update your records with us

Your account number will most likely change, so remember to complete and send us a new Direct Deposit Authorization form, available from our web site

As we are all aware, bank mergers and takeovers are a regular part of today's economic climate. It was only a few years ago that Shawmut and Bank Boston were the largest banks around, and now they no longer exist.

If you are currently receiving your monthly retirement allowance via direct deposit, it is very important that you update your account information with the MTRB if your bank changes ownership. When there is a bank takeover or merger, your bank account number may remain the same for a while but in time, it will most likely change. It is in your best interest to complete a new direct deposit form to ensure there won't be a disruption in your monthly retirement allowance at a later time.

You may obtain a new direct deposit form by calling our office or by visiting our

web site at mass.gov/mtrb and clicking on **Downloadable forms** in the left margin. ■

Please remember, direct deposit statements are **not** mailed to you every month.

After you receive your initial statement, you will receive a statement in the mail **only** when:

- there is a change in the amount of your deposit from the prior month;
- when we need to provide retirees with new information and we print a special notice on the top portion of the direct deposit statement; and,
- at the end of December, when we provide you with a year-end summary of your benefits.

The MTRB Advisor is written and produced by the Massachusetts Teachers' Retirement System. We welcome letters from our readers and encourage you to send your comments to: *Advisor*
Massachusetts Teachers' Retirement Board
69 Canal Street, 3rd Floor
Boston, MA 02114-2006
Or fax your letter to us at 617-727-6797.